

## Czech Republic

### **Czech consumers no longer attracted solely by price, but now also by quality**

Numerous sources have documented the considerable and long-term impact of the economic crisis on consumer behaviour in the Czech Republic. Consumers are shifting from a straight focus on price to a search for products that offer BOTH quality and a good price. In other words: the trend is that people will not be spending more money – but this does not mean they will be buying low quality goods. They would rather wait until the high-quality products are offered at a reasonable price.

The Consumer Index, which represents the change in year-to-year spending by Czech households, dropped again in March following a positive trend in first two months of the year. After last year's stagnation in consumption by Czech households (they were affected by the crisis but with a considerable delay; in 2009 household consumption was still one of the drivers of the Czech economy), a similar scenario may be expected this year with household spending likely to remain relatively stable and any increase or decrease mirroring the development of pricing and promotional activities of retail chains.

The demand for truly high-quality and fresh food is also growing. Undoubtedly, this is influenced by various initiatives that highlight quality and freshness not only in the media, but through specific events, such as farmers' markets or specialized shops. In a survey conducted for the conference "Retail in Detail: Fresh Food", the main decision criteria reported by consumers for selecting the right food turned out to be freshness and quality, followed by previous experience, price, good reputation, ingredients and origin. It may be said that experience and good reputation are built on quality.

The same survey suggests that Czech products also enjoy a good reputation in the consumers' eyes. Therefore, if Czech producers can provide quality at a reasonable price, Czech products will enjoy decent prospects.

Surprisingly, Czech consumers hold a relatively clear-cut position on the complex issue of product origin. They do not much care whether a Czech brand is in the hands of a Czech owner. But it is very important to them whether the products sold under a Czech brand are actually produced in the Czech Republic. This was reported by 87% of respondents in our survey. Only 3% of respondents regard product origin as irrelevant. For retail chains, this may be yet another way to attract new customers if they are able to document a product's origin and its journey to the produce aisle with sufficient transparency and credibility.



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